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Employee Retention: The Real Cost to Your Business' Bottom Line



Funded in part through a cooperative agreement with the U.S. Small Business Administration.

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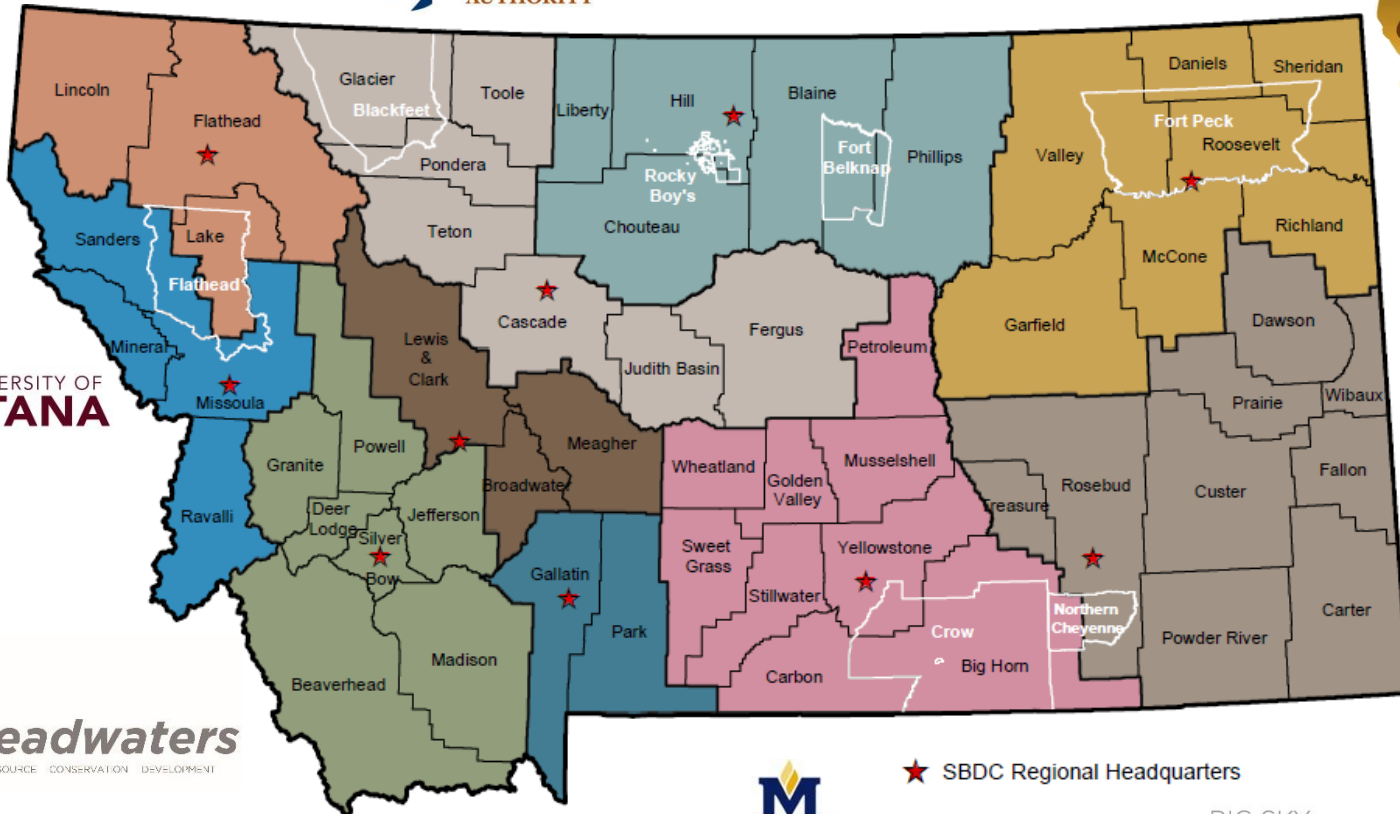


- Montana Ambassador
- Certified Small Business Consultant
- Certified Economic Development Finance Professional
- Edward Lowe Facilitator-Economic Gardening
- 19 Years Finance and Banking experience

MT Small Business Development Centers

- We provide free, confidential, one-on-one business consulting and low-cost training programs to small business owners and aspiring entrepreneurs
- Established in 1988 (at MDOC); began in 1977 nationally
- A partnership between Montana Department of Commerce, U.S. Small Business Administration, economic development organizations and higher ed
- The Lead Center is located in Helena in the Office of Tourism & Business Development, Business Development Bureau
- Accredited organization critical to reducing business failure rates (accredited every 5 years)

Regional Headquarters



★ SBDC Regional Headquarters

Class Agenda

- Understanding your business turn over ratio and creating a way to measure it
- Simple things you can do as an owner/manager to avoid excessive turnover
- 6 key hiring tips
- Understanding corporate culture
- Creating a positive corporate culture for your business

Understanding Turnover

- Voluntary: When an employee leaves the company of her own volition, it's called voluntary termination.
- In-Voluntary: Employee termination for poor job performance, absenteeism or violation of workplace policies, also referred to as termination, firing or discharge. It's involuntary because it wasn't the employee's decision to leave the company.
- Employee Satisfaction
- Ratio Example: yearly basis
 - 100 employees and 2 leave $(2/100=2\%)$ L
 - 5 employees and 2 leave $(2/5=40\%)$ H

Employee Turnover Cost

Hiring Costs

- Recruiting
- Interview
- Post Interview Cost
- Employment cost
(i.e. Signing bonus
relocation expenses)

Training Costs

- Training and materials
- TIME

Tips to Reduce Turnover

- Examine Your Compensation
- Involve employees in decisions that affect their jobs and overall direction of the company
- Provide opportunities within the company for cross training and career progression



Tips to Reduce Turnover

- Nurture and celebrate organization traditions.
- Demonstrate respect for employees at all times
- Make work fun
- Create small wins



Tips to Reduce Turnover

- Offer performance feedback and praise good efforts
- Enable employees to balance work and life
- Staff adequately
- Select the right people in the first place



Tips for Hiring Smart

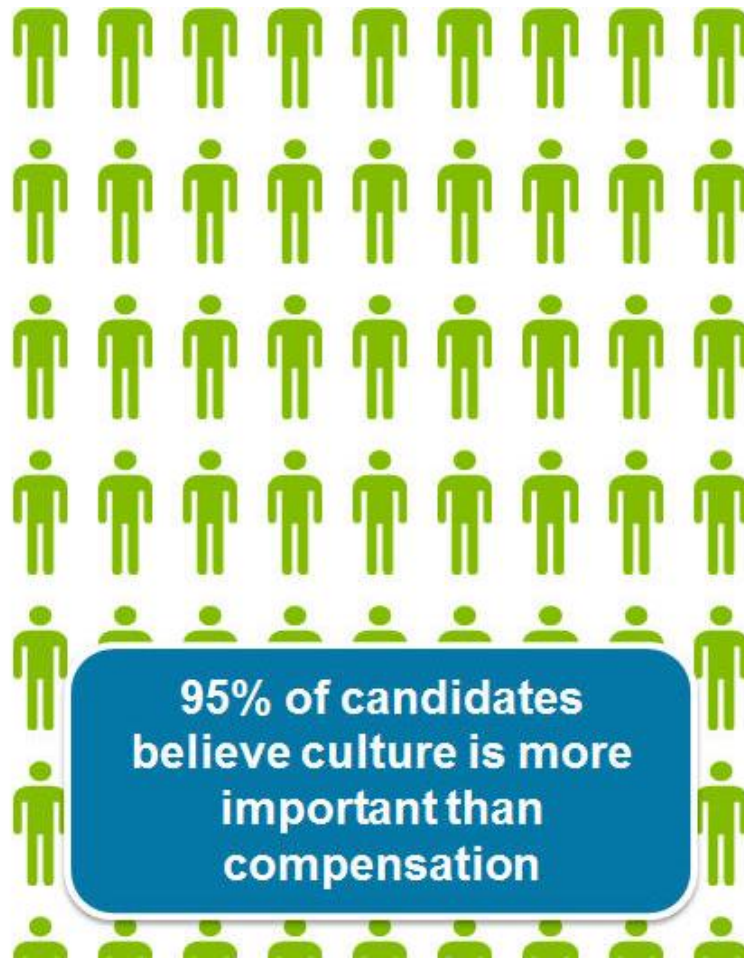


- Don't Deviate from the hiring criteria
- Make it personal
- Slow down
- Be careful with dream candidates
- Limit the decision makers
- **CHECK REFERENCES**

What is company culture?

The shared values and beliefs that help individuals understand how an organization functions and how they should behave within it.

How important is culture?



<5% of candidates value compensation over culture

SO, **WHAT**
MAKES A GREAT
COMPANY
CULTURE?



Madalyn Parker

to ooto

Yesterday [View details](#)



Hey team,

I'm taking today and tomorrow to focus on my mental health.
Hopefully I'll be back next week refreshed and back to 100%

Thanks

Madalyn

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Ben Congleton

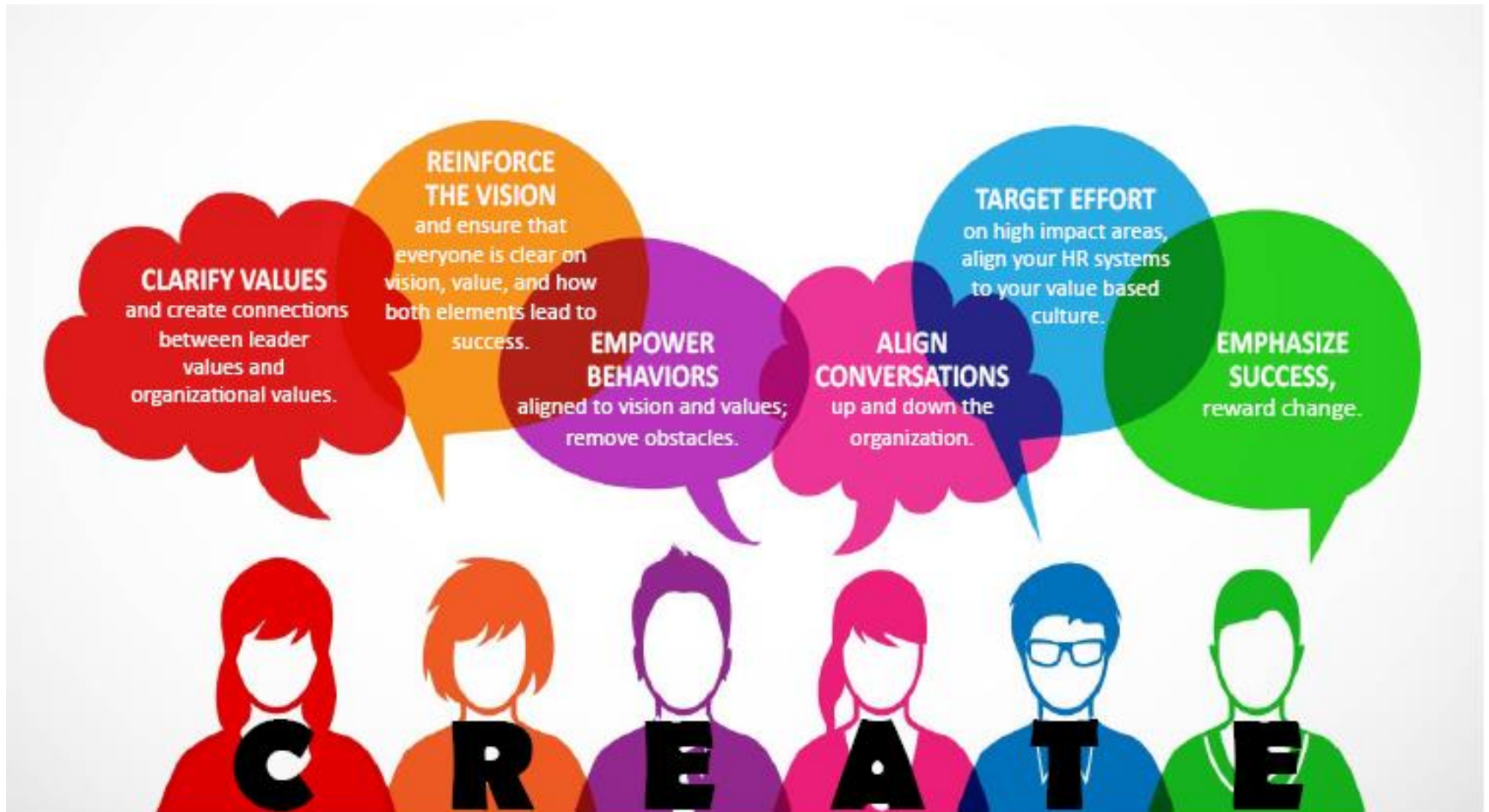
to me

4:23 PM [View details](#)



Hey Madalyn,

I just wanted to personally thank you for sending emails like this. Every time you do, I use it as a reminder of the importance of using sick days for mental health -- I can't believe this is not standard practice at all organizations. You are an example to us all, and help cut through the stigma so we can all bring our whole selves to work.





Creating a Great Corporate Culture

Vision- A great culture starts with a vision or mission statement

The vision for Zappos.com:

- One day, 30% of all retail transactions in the US will be online.
- People will buy from the company with the best service and the best selection.
 - Zappos.com will be that online store.



As we grow as a company, it has become more and more important to explicitly define the core values from which we develop our culture, our brand, and our business strategies. These are the ten core values that we live by...

Family Core Values

1. Deliver WOW Through Service
2. Embrace and Drive Change
3. Create Fun and a Little Weirdness
4. Be Adventurous, Creative, and Open-Minded
5. Pursue Growth and Learning
6. Build Open and Honest Relationships With Communication
7. Build a Postive Team and Family Spirit
8. Do More With Less
9. Be Passionate and Determined
10. Be Humble

Creating a Great Corporate Culture

- **Values-** A company's values are the core of its culture
- **Practices** -Mean what you say
- **People**-No company can build a coherent culture without people who either share its core values or the willingness to embrace it
- **Narrative**-Any organization has a unique history-a unique story
- **Place**-Office space, offsite meetings, design of workspace

The Takeaway:

A Lost Employee Will COST Your Company

- *Time* For Your Existing Employees to Cover Work In The Interim
- *Time* To Find A Replacement
- *Money* To Find A Replacement
- *Money* To Train The Replacement
- Loss of *Knowledge*
- *Stress* and *Strain* on the Existing Team



Headwaters RC&D Area
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Thank You!

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